

# Talent-based Learning: Goodbye to the Standalone LMS



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Understanding the effectiveness of learning programs on workforce performance and the organization as a whole is what drives continuous improvement. Standalone learning management systems do little beyond automating training administration. This whitepaper describes how talent-based learning, by contrast, provides a framework to truly track effectiveness of learning management across an organization and integrate those findings to improve workforce performance and productivity.

# Introduction

Talent-based learning evolves today's learning management paradigm – bringing it from a standalone process to an integrated one that directly links learning management to organizational performance and goals. Talent-based learning further evolves the focus from tactical learning programs, such as desktop applications and basic compliance, to strategic programs targeted at improving business outcomes.

According to a Softscape survey of 300 HR leaders, this evolution can deliver several key organizational benefits:

- Better internal talent mobility
- Improved workforce productivity
- Improved workforce alignment to overall strategy
- Ability to more quickly respond to changing business needs
- Higher revenue per employee
- Increased financial performance of the organization

As a result, organizations that execute on talent-based learning have a higher chance of being top performers relative to their industry peers.

## The Challenge: Learning Management Not Aligned to the Business

Since the introduction of packaged learning management systems in the 1990s, a key objective has been to create, manage, and measure learning's effect on achieving the goals of the organization. However, there has often been a disconnect: While learning management systems have been effective at making the process of content creation and learning delivery more automated and streamlined, the actual measurement of how learning management affects the business and the workforce has not occurred.

The reasons are primarily technical and process-related. Most learning systems have been deployed as standalone stovepipes that do not integrate into broader talent management systems and processes. As a result, most learning management systems do not effectively measure the impact of learning programs on the organization.

## The Right Time to Evolve Learning Management

Today, learning management professionals have a unique opportunity to evolve the practice of learning management to a new level. This evolution is being recognized by leading analysts and thought leaders, from articles in publications such as *Chief Learning Officer (CLO) Magazine*, to analysts such as Bersin and Associates, and by universities such as Harvard Business School.

- Bersin and Associates describes the benefits of how talent-based learning achieves a broader focus (what they call 'talent-driven learning') in its recent "2009 Learning Management Systems" guide. Examples include Integrating with a broader set of talent management processes and providing a broader focus across the enterprise or division.<sup>1</sup>
- *CLO Magazine* has published several articles that make the case for learning management professionals to measure business outcomes of their programs, going beyond classic metrics such as course attendance and test score results.
- Harvard Business School has created an offering specifically focusing on strategic talent management called "Driving Performance Through Talent Management." This offering helps teaching professionals learn how to measure and improve the business results of their talent management efforts.

- Softscape's "[2010 State of Global People Management](#)" annual survey of 300 HR leaders validated that organizations that integrated learning management to their broader talent management processes reported better performance on several key business and HR metrics.

### Defining Talent-Based Learning

Talent-based learning is an evolution of the learning paradigm that aligns learning management activities and programs to desired business and talent management outcomes. Talent-based learning does this by linking and aligning all the key people management processes together, enabling managers and executives to directly measure how learning management affect their overall business objectives. This alignment is accomplished in two ways:

- **Aligning learning processes to the business:** Talent-based learning creates alignment by integrating learning into the broader talent management processes (e.g., performance, goals, employee development, hiring, and succession planning) which allows better visibility to the ultimate business impact of learning programs.
- **Aligning applications and technology:** Unlike standalone learning management systems, talent-based learning solutions are connected at the process and data level to broader talent processes, thereby eliminating the cost of manual integration and facilitating deep analysis of learning management to performance and goals through advanced analytics.

As a result of creating improved alignment and measuring the business impact of learning management programs, talent-based learning delivers numerous benefits, including:

- **More business focused:** Better alignment of learning management to overall organizational goals and business differentiators.
- **Complete talent management view:** Broader perspective enables managers to have better visibility into key pieces of the organization such as leadership potential, competency strengths, and a complete talent profile of both individual employees and the workforce as a whole.

- **Better integrated processes:** A complete, natively-integrated approach links information about learning participation to broader workforce performance management and achievement of overall organizational goals.

### Technology Requirements of Talent-Based Learning

Practicing effective talent-based learning requires technology to be aligned on a single platform that combines all key processes and data for learning and talent management. To achieve this objective, there are several underlying steps which need to be in place. These include:

- **Single database or data source:** Employee records, talent profiles, job profiles, competency data, and learning data should reside in one database. By centrally locating all key information in one database, it ensures that the data is normalized and is readily accessible for analysis.
- **Single set of shared core services:** Core application services include a single user experience (i.e., user interface) across talent functions, data and application security, and workflow. These core platform services are focused on improving usability of applications and ensuring security across the platform.
- **Embedded analytics and reporting services:** The system must include core summary-level reporting to do basic compliance and management reporting across talent functions. It must also include business analytics to facilitate deep analysis of learning programs which lead to improved decision making.
- **Complete set of applications:** Talent-based learning requires a complete set of learning and talent management applications all running on the same platform. These applications include: Human resources management system (HRMS), hiring, on-boarding, career development, goal management, performance management, learning management, learning content management, compensation planning, and succession planning.

Implementing these steps to create a single, unified platform enables effective achievement of a complete talent-based learning strategy. Executives and managers have one central place to manage all aspects of talent management and learning. They are better able to track progress toward goals and assign learning activities according to the development and performance needs of their employees and the organization as a whole.

### Key Benefits of Talent-Based Learning

Talent-based learning delivers improved alignment to, and better measurement of, business results against an organization's overall learning management investments.

Indeed, Softscape's survey-based research reveals that by integrating learning to other elements of talent management (e.g., recruiting, performance, development), organizations report better performance on several key business and talent metrics versus organizations that use isolated, standalone learning systems. Several metrics showed large improvement by survey respondents, including:

- Better internal talent mobility
- Improved workforce productivity
- Improved workforce alignment to overall strategy
- Ability to more quickly respond to changing business needs
- Higher revenue per employee
- Increased financial performance of the organization

A report by Bersin and Associates called "2009 Talent Management Factbook"<sup>2</sup> corroborates these benefits. The report compares the effect of having a mature talent management practice on several business and talent management metrics. The results showed that organizations with a mature practice report better performance on several key business metrics, including:

- 40% lower turnover among high performers
- 17% lower overall voluntary turnover
- 28% fewer companies downsized in 2008-2009
- 26% higher revenue per employee
- 87% greater ability to hire the best candidates

A few brief examples help demonstrate how talent-based learning helps to achieve the benefits stated above:

- **Improving talent mobility:** Linking employee career development and learning management enables employees to see how they can improve their skills and competencies to further their career plans.
- **Retaining top performers:** Linking succession planning to specific learning programs helps grow top performers. In addition, by linking performance and learning management, organizations are able to provide more effective guidance for all employees.
- **Workforce productivity:** Linking performance and learning management provides more effective guidance to all employees. In addition, linking employee on-boarding to learning management improves time-to-productivity for new employees.

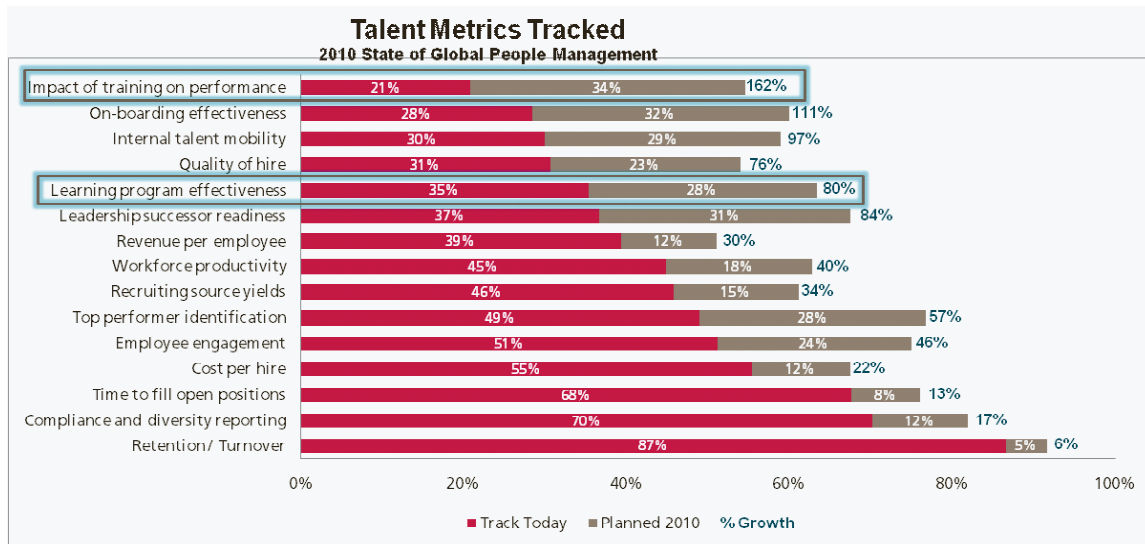
### Measuring Results of Talent-Based Learning

Talent-based learning enables executives and managers to more easily measure the business results of learning programs and continuously improve upon them. Today, measuring results with a typical learning management system focuses largely on classic training metrics such as classroom attendance and test results. By contrast, talent-based learning is focused on metrics that are more directly related to the business. These include:

- Effect of training on key organizational competencies
- Effect of training on performance
- Goal achievement to average test scores
- Overall workforce productivity
- Business unit specific effectiveness (e.g. sales per hour by training results)
- Return on training investment

Softscape's 2010 State of Global People Management research reveals the key metrics that companies are tracking today, which they plan to track for 2010, and the resulting growth for 2010 (see Figure 1). Observe that two of the leading growth metrics in the chart are talent based-learning metrics.

Figure 1: Talent Metrics Tracked



As a demonstration of how to link learning outcomes to business results, consider a typical manufacturing organization. A key cost and quality objective in manufacturing is minimizing error rates during the manufacturing process. Measuring how learning management affects this objective is therefore key. With a talent-based learning system, measuring how learning management impacts this result is a simple process:

- **Set an organization goal:** Establish an organization-wide goal to reduce manufacturing error rate by twenty percent (20%).
- **Cascade goal to everyone involved:** Next, the organizational goal is cascaded down to every employee involved in the manufacturing process.
- **Execute training:** Create and execute the training programs that are designed to reduce manufacturing error rates.
- **Setup metric that compares average test scores against goal achievement:** Since all data for both goal achievement and training results are held in one system, it is easy to run a report that compares average test scores in the training program to goal achievement by employee.

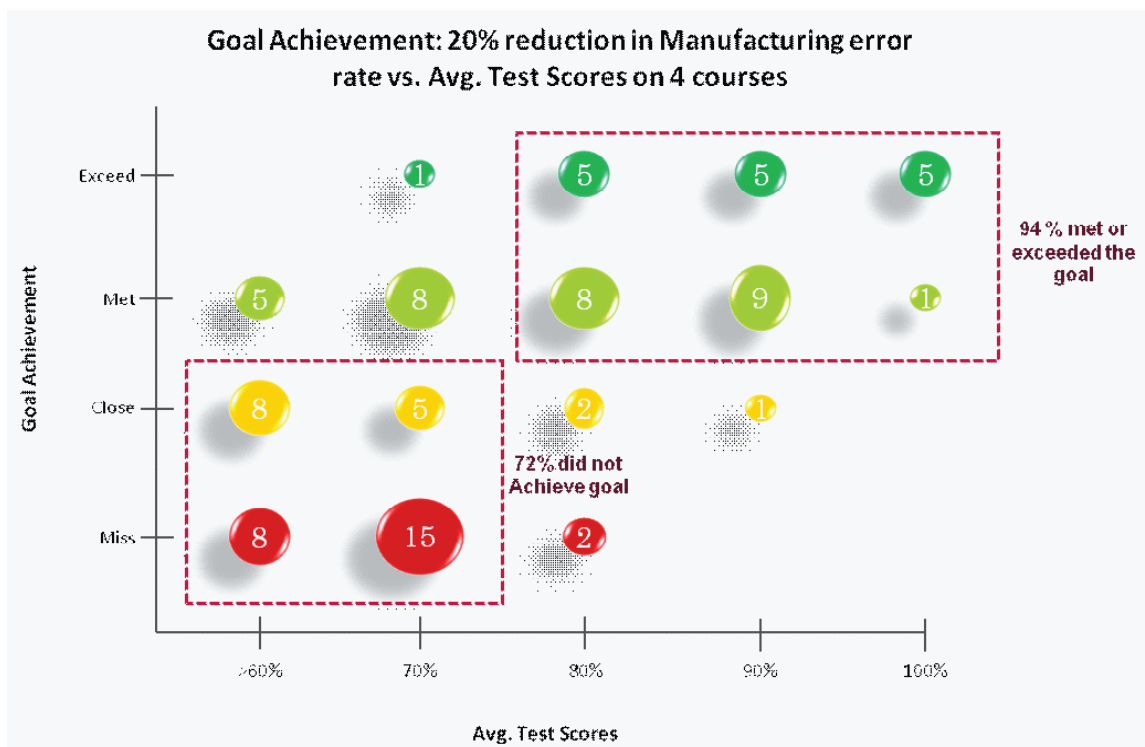


The result of this example is shown below as a bubble chart (see Figure 2). The bubble chart shows a distribution of employees mapped against two measures:

- **Horizontal axis:** Average test scores on tests taken during the learning classes.
- **Vertical axis:** Achievement of goal to reduce manufacturing error rates by twenty percent (20%).

Each bubble has a number within it that shows how many employees possess the specific combination of test score average to goal achievement. This example highlights the ease of correlating training effectiveness to business outcomes in a talent-based learning system.

**Figure 2: Bubble Chart for Learning Effectiveness to Goal Achievement**



Further, by looking at this bubble chart, it is easy to show larger trends, such as the correlation between a specific test result and meeting or exceeding the goal. In the above example, 94% of the employees who achieved an average score of 80% or better on the training tests met or exceeded the targets on the organizational goal to reduce error rates.

## Near-Term Tactics for Talent Based Learning

The key to short term success for talent-based learning is focus. Specifically, success in talent-based learning starts by focusing on current definable business goals that can translate to specific workforce development initiatives. By contrast, it can often be a temptation to make the initiative too broad, which is dangerous because it may directly increase the odds of project failure. Below are a few steps that HR and learning executives can use to keep their talent-based initiatives on-track:

- **Focus on Business Goals:** Select a couple of current or near-term business goals and a defined group of people that are directly measured on those goals. Avoid selecting too many goals, goals that are not quantifiable, or an initial group of people that is too large.
- **Clearly Define Measurement(s):** Once the target business goals have been selected, the next step is to select clear measurements that will be used to analyze success. Both business-oriented metrics (e.g., sales quota achievement, revenue targets) and learning metrics (e.g., impact of learning management on employee performance) must be considered.
- **Align to the Performance Process:** Employee performance results – reflected by the achievement of goals – provide the mechanism to objectively ascertain the effects of learning programs on core competencies.
- **Execute, Measure, and Adjust:** Measure learning management initiatives and track the before/after results.

## Conclusion

Talent-based learning is an evolution to today's learning management paradigm. This paradigm shift moves learning management from a standalone process to an integrated part of a broader talent solution that enables organizations to directly measure the business impact of their learning management investments. To summarise the key take-aways:

- At a process level, integrate learning management to the other components of talent management (performance and goals are good places to start, as well as succession planning, compensation, and core HRMS).
- At a technology level, integrate learning management data with talent management and business data.
- Leverage analytics to more objectively measure results and improve decision making; focus on business-oriented metrics.
- Start by defining a few key business goals and focus on measuring learning's impact on those goals (i.e., do not boil the ocean).

To view the recorded Softscape Talent-based Learning webinar, please visit our website [www.softscape.com/track\\_learning/](http://www.softscape.com/track_learning/)

## Endnotes

<sup>1</sup> David Mallon et al., *Learning Management Systems 2009: Facts, Practical Analysis, Trends, And Provider Profiles*, Bersin & Associates Industry Study, 2009

<sup>2</sup> Karen O'Leonard, *2009 Talent Management Factbook: Best Practices and Benchmarks in Talent Management*, Bersin and Associates Industry Study, 2009

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## About Softscape

Softscape is the global leader in complete people management software solutions that enable organizations to more effectively drive their business performance.

Softscape's vision and history of innovation is consistently recognized by industry analysts and luminaries. The company's complete, end-to-end platform natively connects all human resources (HR) and talent functions, including performance management, succession planning, learning, career development, compensation, hiring and recruiting, workforce planning, social networking, and core HR records.

Softscape's customers span 156 countries, 30 vertical industries, and include global Fortune 500/Global 2000 enterprises, mid-market companies, higher education institutions, and public sector agencies. Current customers include Barclays, AstraZeneca, Seagate, GKN, Sony, Duke Energy, the University of Notre Dame, and KPMG.

Softscape is based in Massachusetts with offices in London, Sydney, Chicago, San Francisco, Bangkok, Hong Kong, and Johannesburg.



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